BANK OF GEORGIA
HOLDINGS PLC

Financial Results Update

Speaker: Nikoloz (Nick) Gamkrelidze,
Deputy CEO, Finance

November 2013

Key highlights

Plain vanilla balance sheet

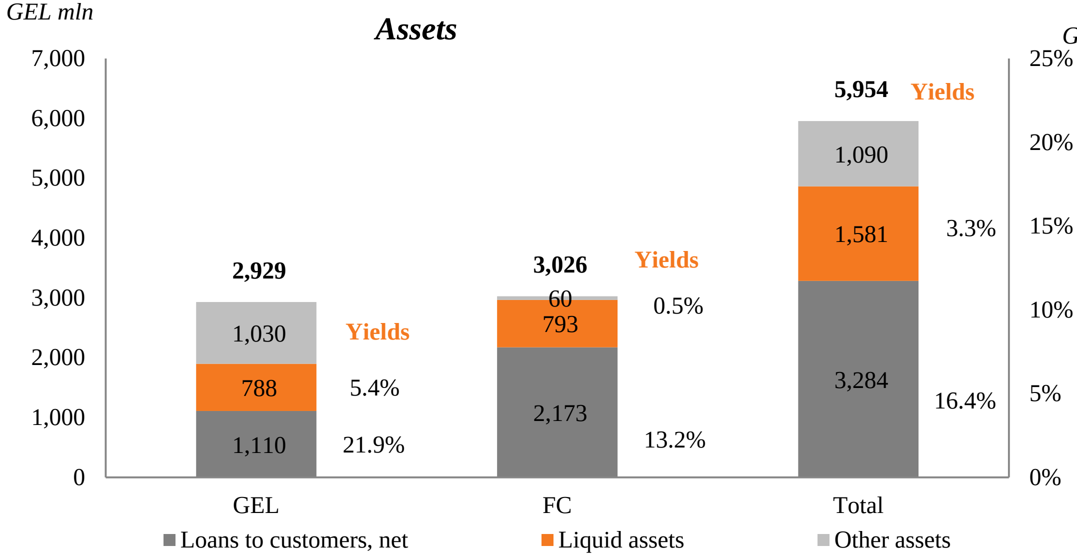
Strong profitability

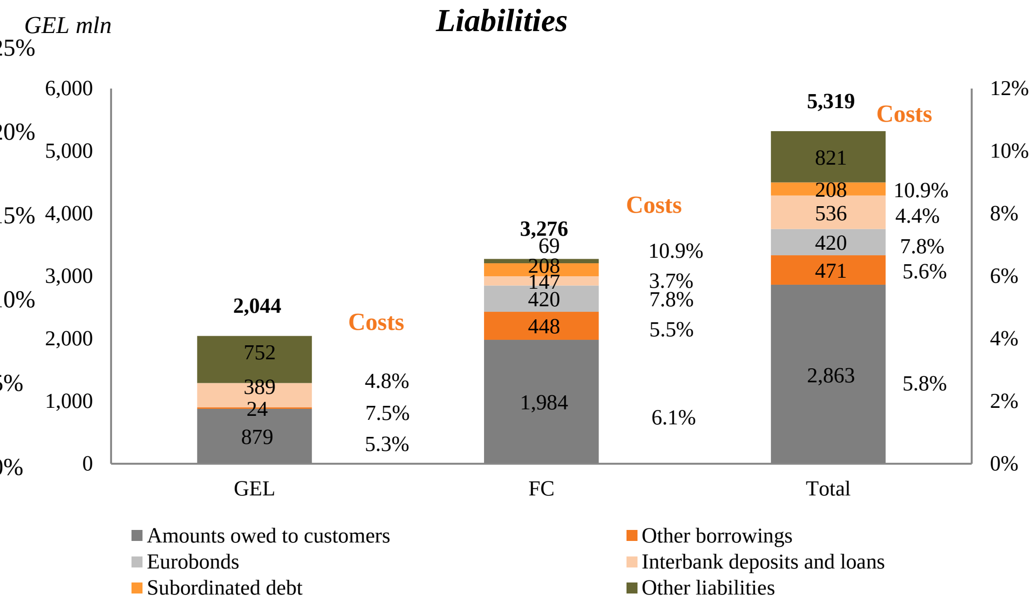
Excellent funding, liquidity and capital position

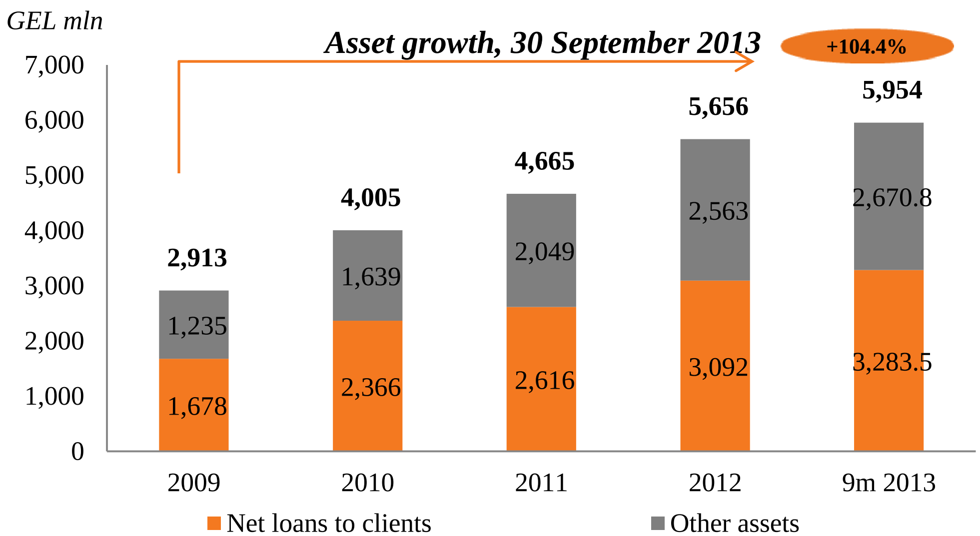
Capital regulation

Appendices

Plain Vanilla Balance Sheet, 30 September 2013







- Loans and liquid assets account for 81.7% of total assets
- Lari liquid assets earn 5.4% compared to 0.5% yield of foreign currency liquid assets
- Diversified liability structure, re-pricing of most costly subordinated debt to continue to further decrease cost of funding

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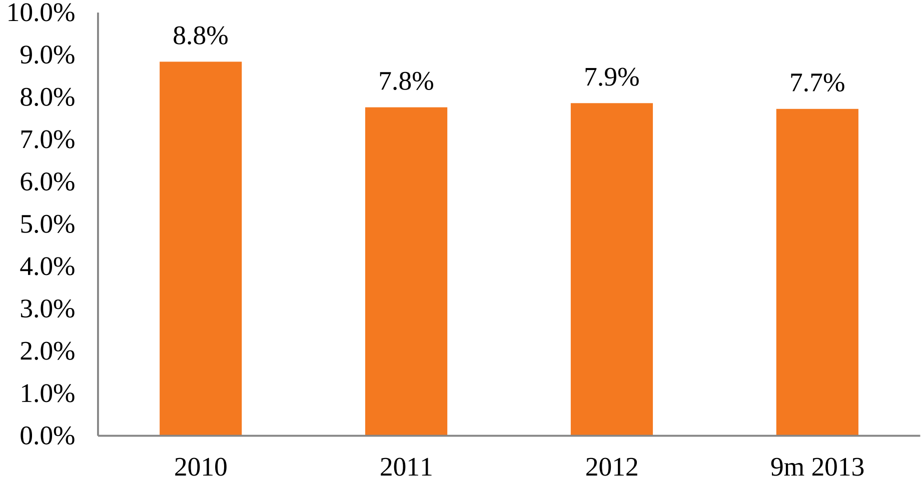
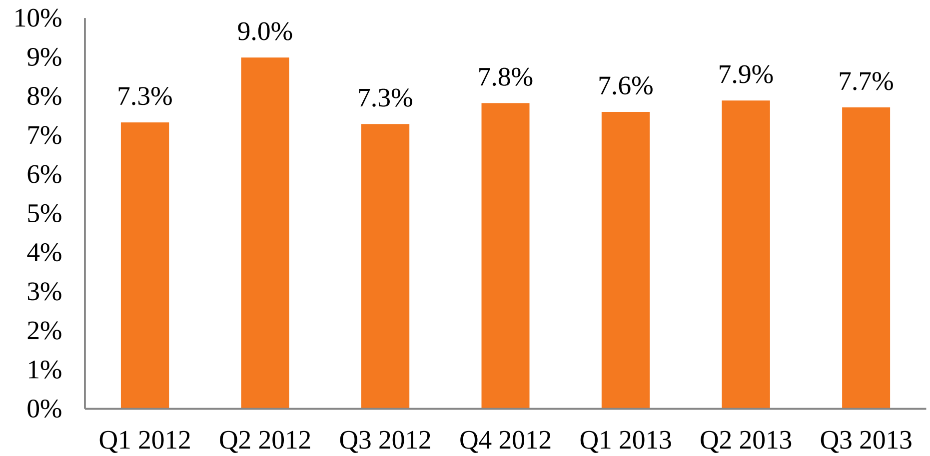
Stable Net Interest Margin

Net Interest Margin, annual

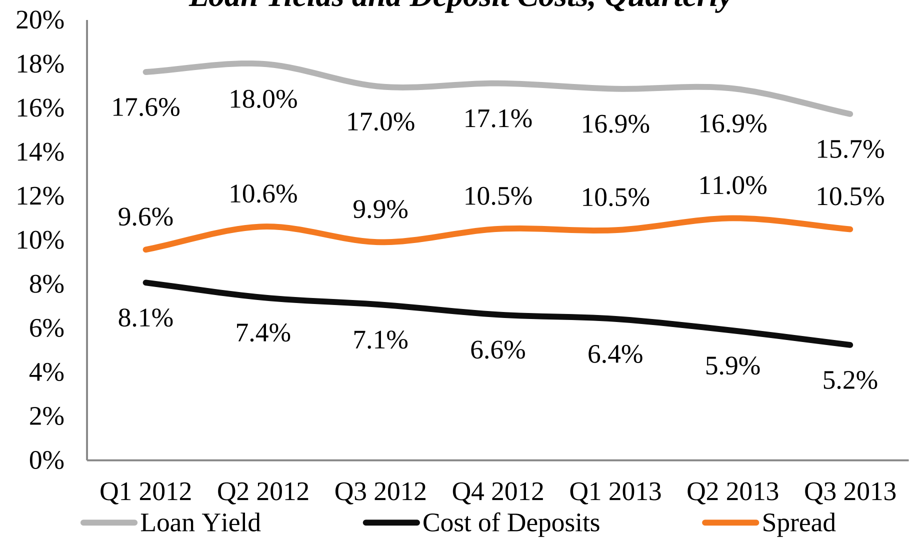


Net Interest Margin, quarterly

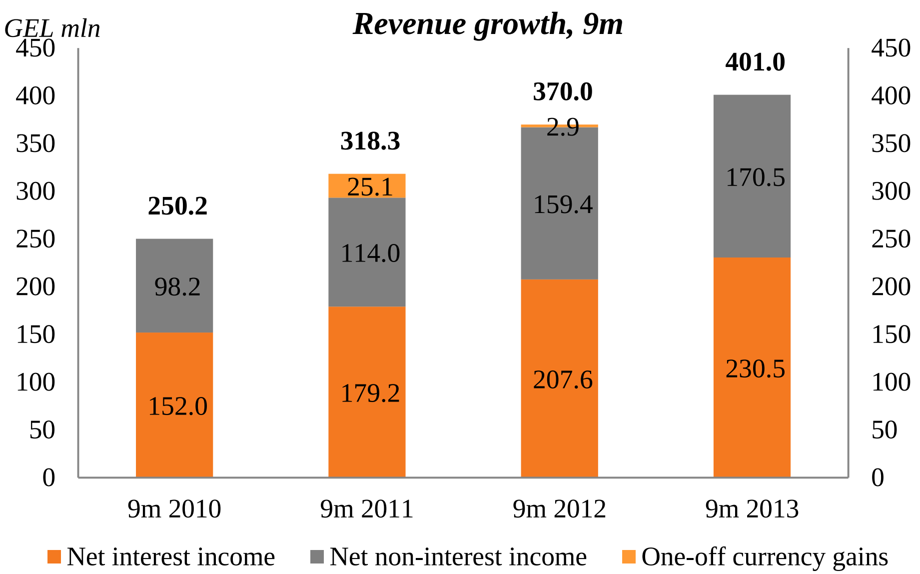


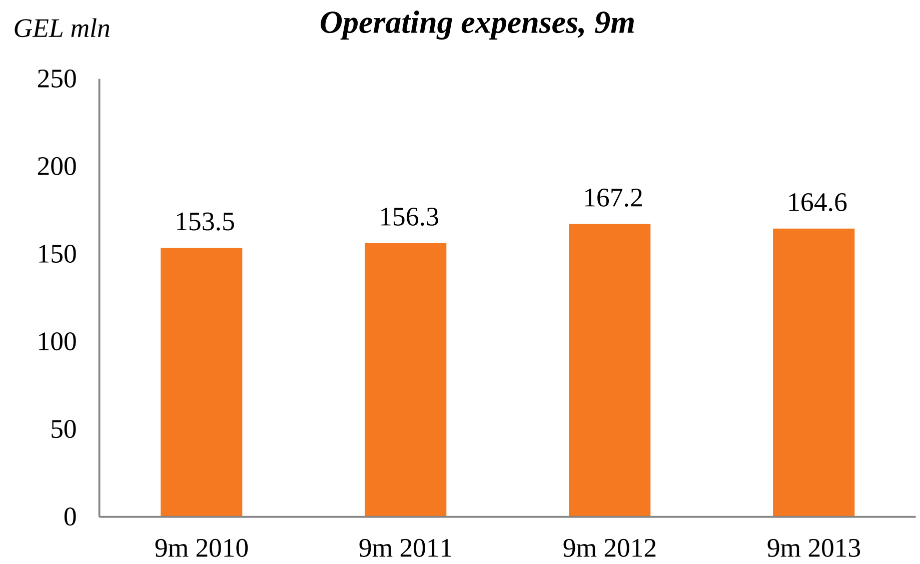
- Despite declining loan yields NIM remained flat due to sharp decrease in cost of funding;
- NIM stability also challenged by increased liquidity and decreased yields on liquid assets in 2013;
- Average liquid assets to average interest earning assets increased to 39.0%, up from 37.1% and 38.4% in 2011 and 2012 respectively;
- Yield on interest earning liquid assets decreased to 4.5% in 9m 2013, down from 7.1% and 5.5% in 2011 and 2012, respectively.

Loan Yields and Deposit Costs, Quarterly



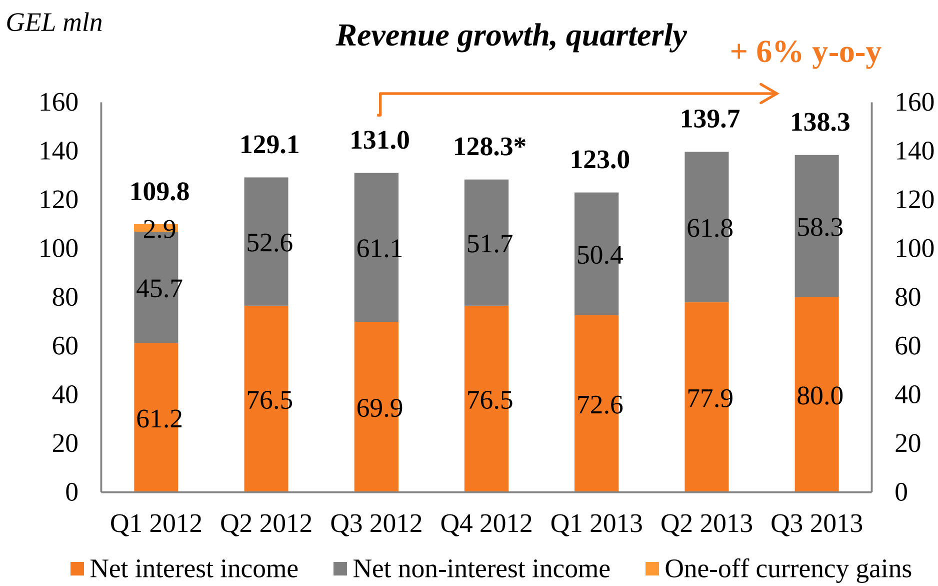
Strengthening operating leverage

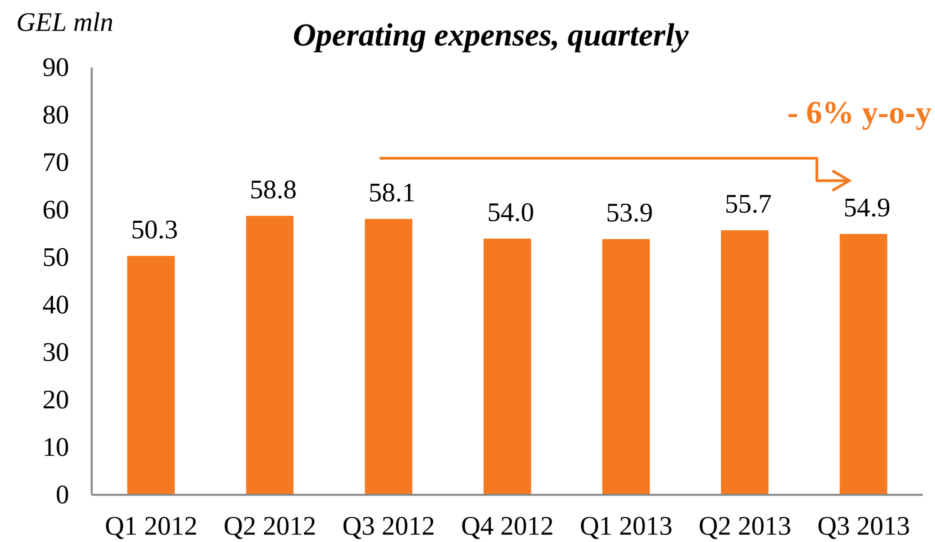




- 9m 2013 revenue increased by GEL 31.0 million, or 8.4% y-o-y, to GEL 401.0 million;
- 9m 2013 revenue, adjusted for one-off currency translation gains of 2012, increased by GEL 34.0 million, or 9.3% y-o-y;
- Non-interest income contribution to total revenue increased to 42.5% in 9m 2013, from 39.2% in 9m 2010, reflecting more diversified sources of income;
- 9m 2013 operating expenses decreased by GEL 2.6 million, or 1.6% y-o-y, to GEL 164.6 million;

Strengthening operating leverage, cont'd

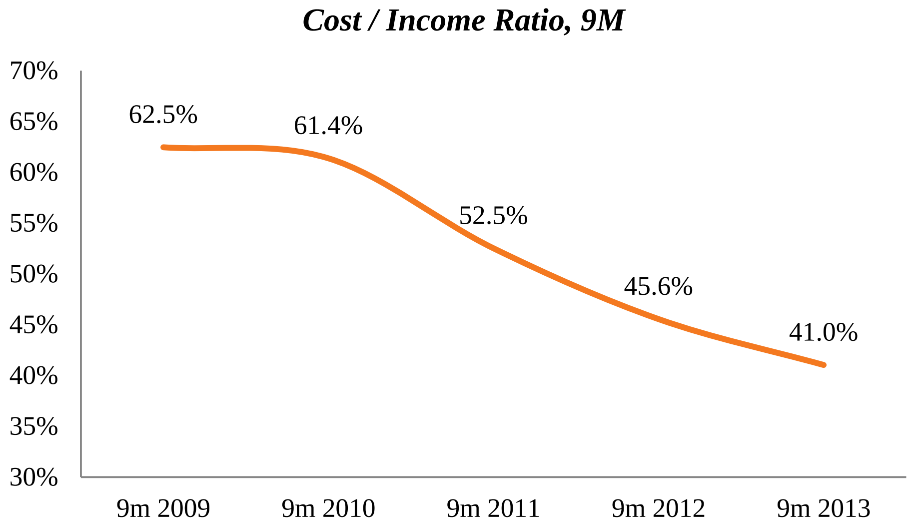




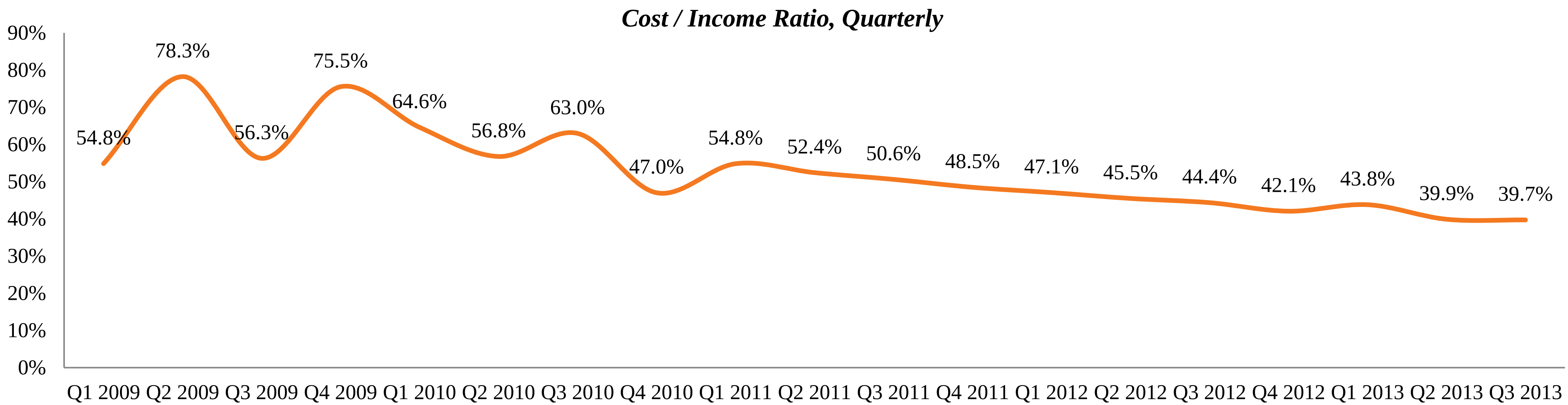
** Q-O-Q decrease of non-interest income and total revenue in Q4 2012 is caused by YTD operating expenses of some non-core businesses being netted off against respective revenues in December 2012 (mainly winery).*

- Q3 2013 revenue increased by GEL 7.4 million, or 5.6% y-o-y to GEL 138.3 million;
- Q3 2013 operating expenses decreased by GEL 3.2 million, or 5.4% y-o-y to GEL 54.9 million;
- Q3 2013 operating expenses decreased by GEL 0.8 million, or 1.4% q-o-q;

Improving efficiency



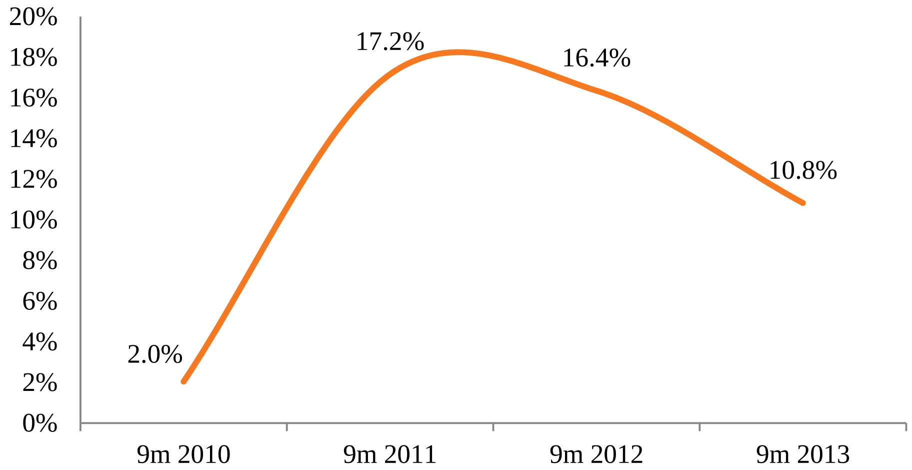
- Steady decline in cost to income ratio over the past 4 years;
- Lowest 9m 2013 and Q3 2013 cost to income ratios in the past 4 years.



2011 and 2012 numbers are adjusted for one-off currency translation gains.

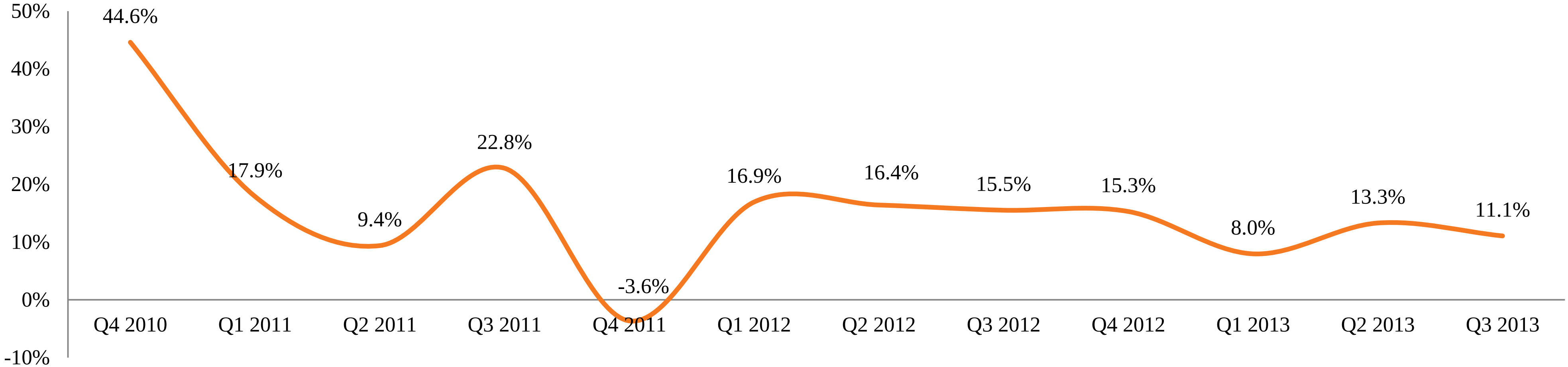
Improving efficiency, cont'd

Operating leverage, 9M, Y-O-Y



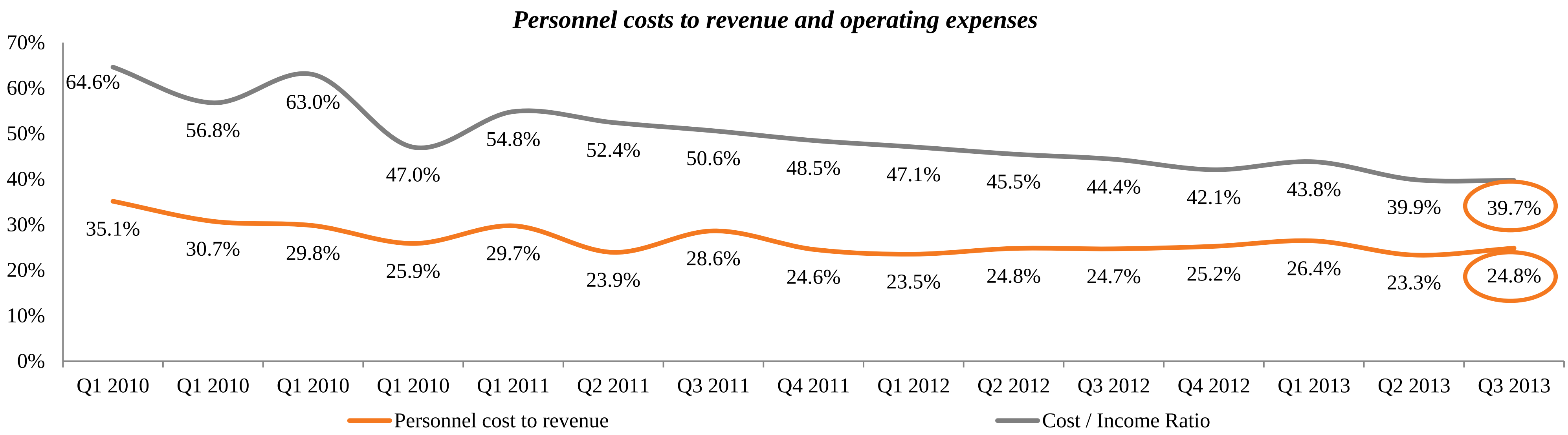
- Positive YTD operating leverage since 2010;
- Positive quarterly operating leverage y-o-y since Q4 2010 (except Q4 2011).

Operating leverage, Quarterly, Y-O-Y



2011 and 2012 numbers are adjusted for one-off currency translation gains.

Improving efficiency, cont'd



2011 and 2012 numbers are adjusted for one-off currency translation gains.

Key highlights

Plain vanilla balance sheet

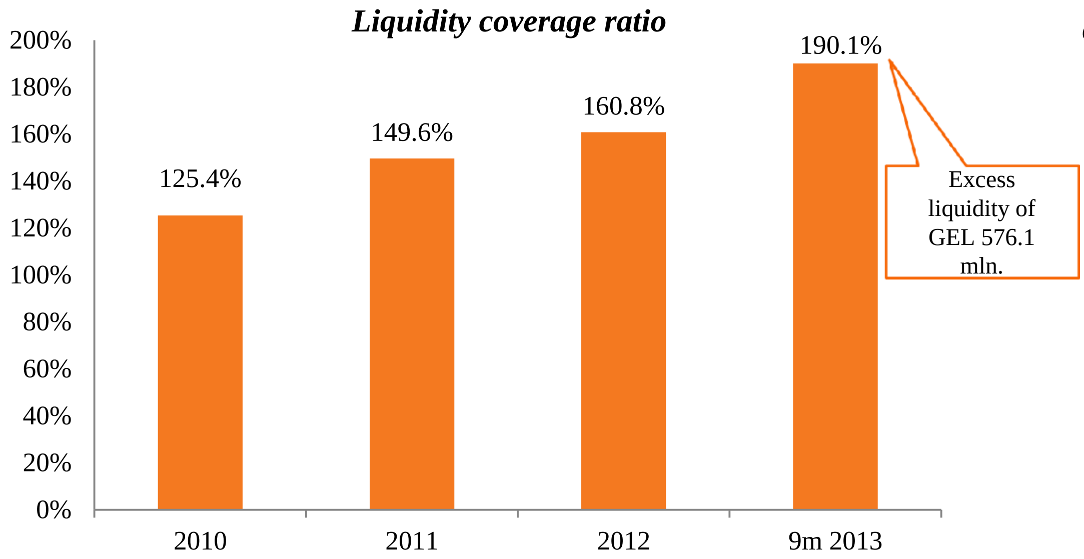
Strong profitability

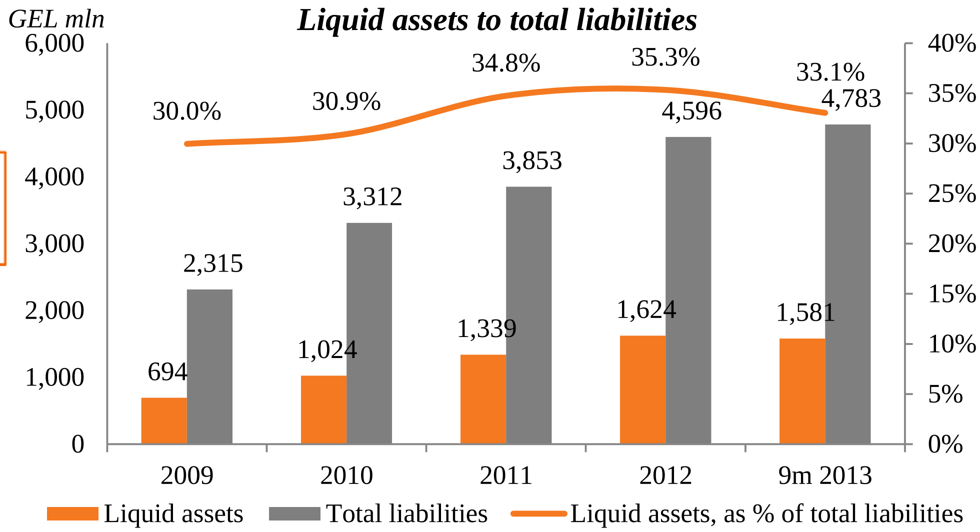
Excellent funding, liquidity and capital position

Capital regulation

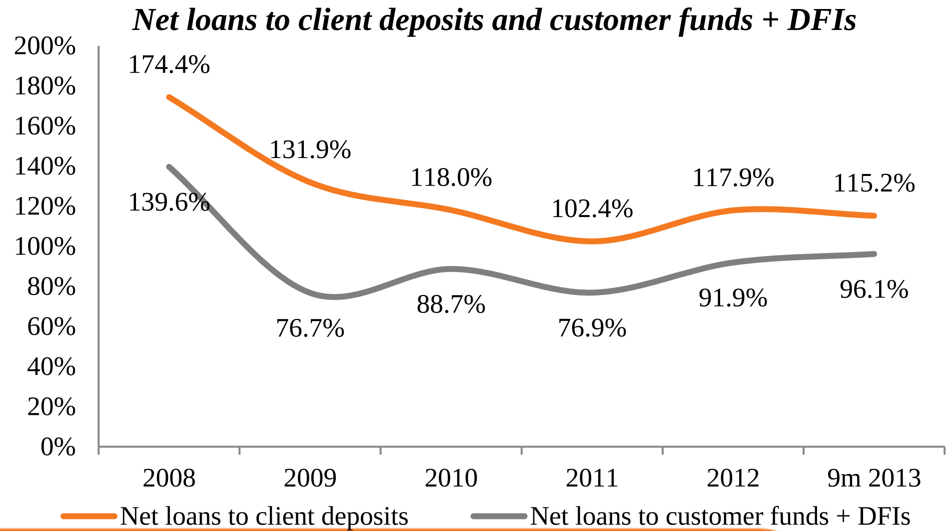
Appendices

Strong liquidity

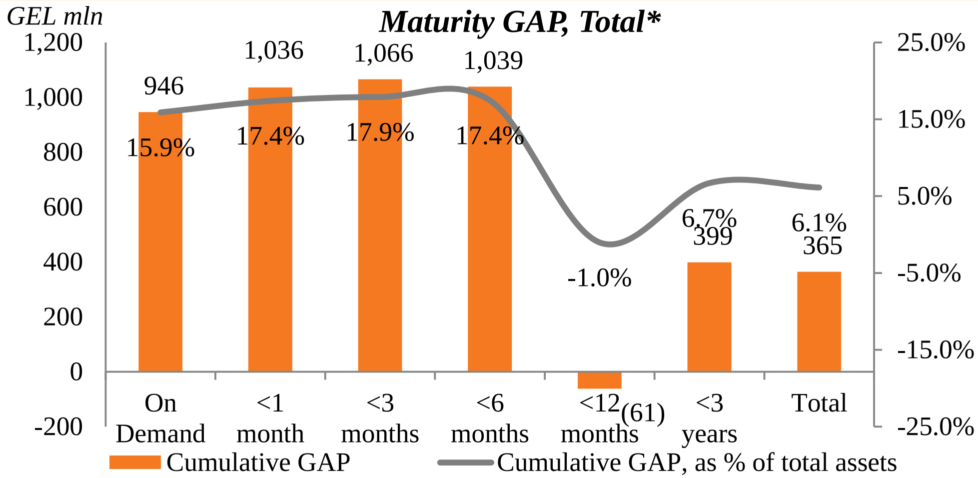


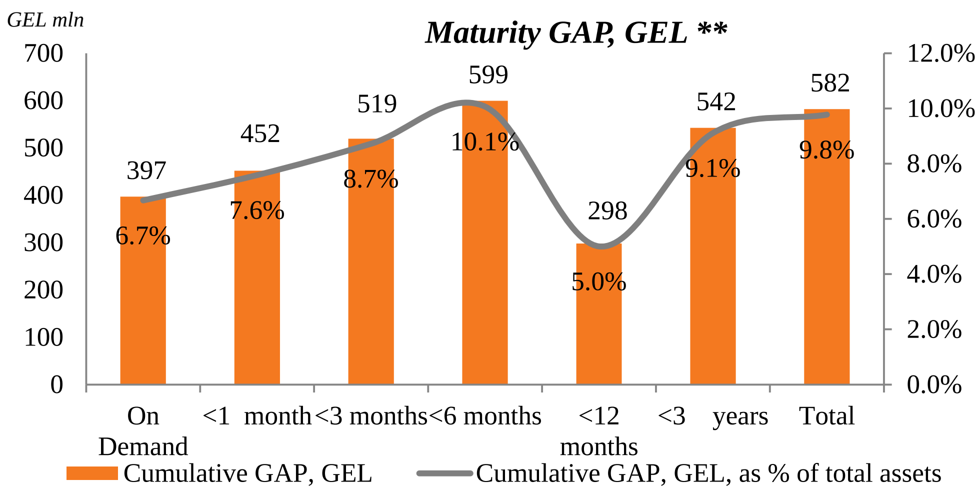


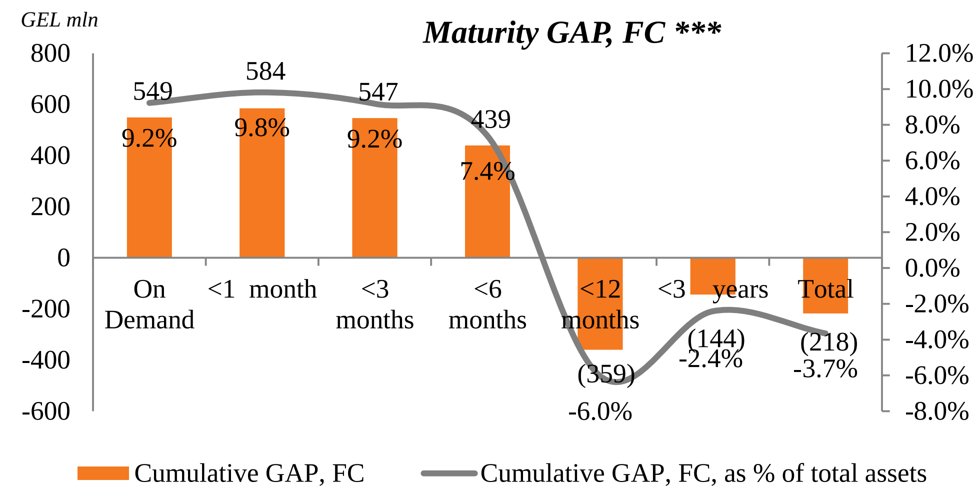
- The LCR is based on currently agreed initial model with NBG
- The Bank is already prepared to manage its liquidity and report under Basel III respective pronouncement
- As of 30 September 2013, excess liquid assets per the Basel III initial LCR model exceed excess liquid assets per existing NBG liquidity regulation by 2.9 times.



Strong liquidity, cont'd



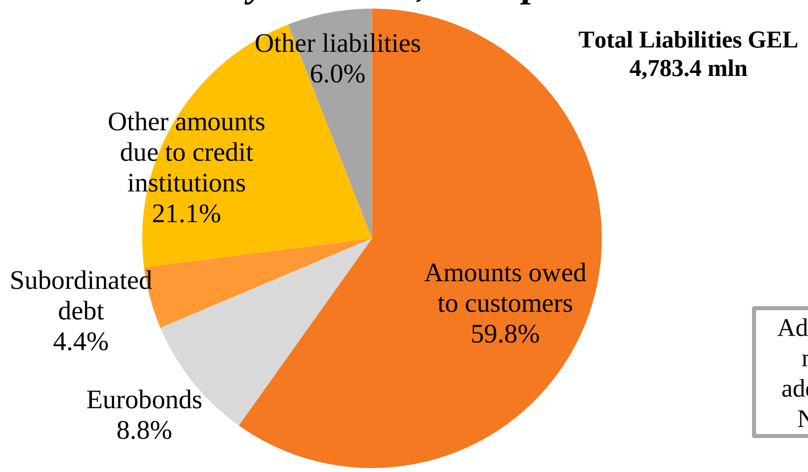




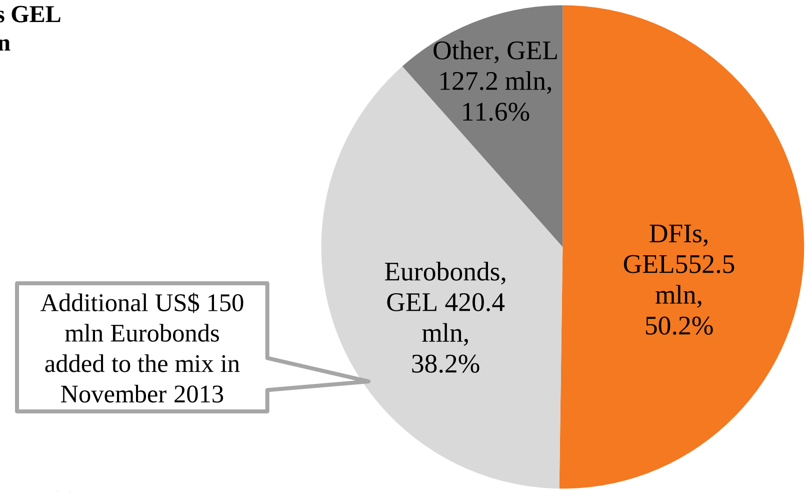
** Minimal daily balance of current accounts and demand deposits (GEL 1,125.3 million) over the past 2 years is placed in 6-12 months bucket.*
*** Current accounts and demand deposits of GEL 552.1 million are placed in 6-12 months bucket.*
**** Current accounts and demand deposits of GEL 573.2 million are placed in 6-12 months bucket.*

Funding structure is well-balanced, 30 September 2013

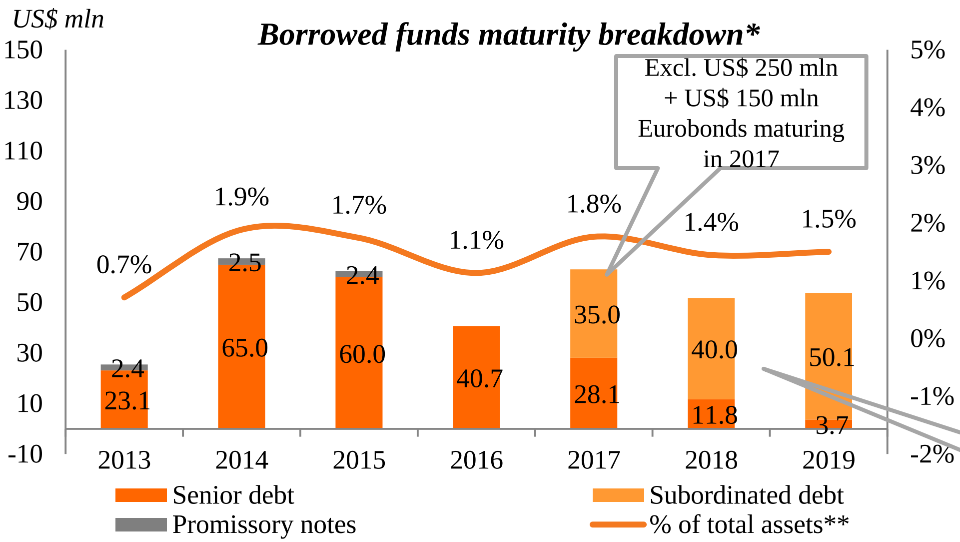
Total liability structure, 30 September 2013



Well diversified borrowings



*Borrowed funds maturity breakdown**

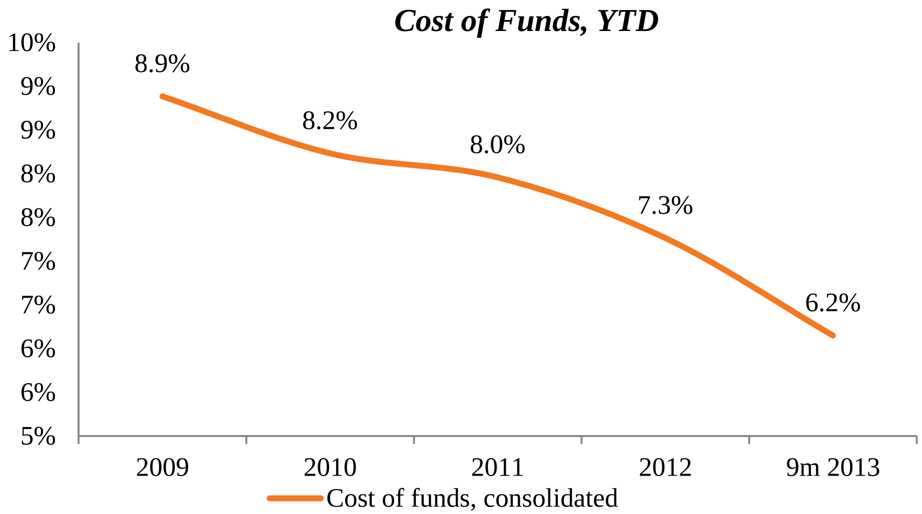


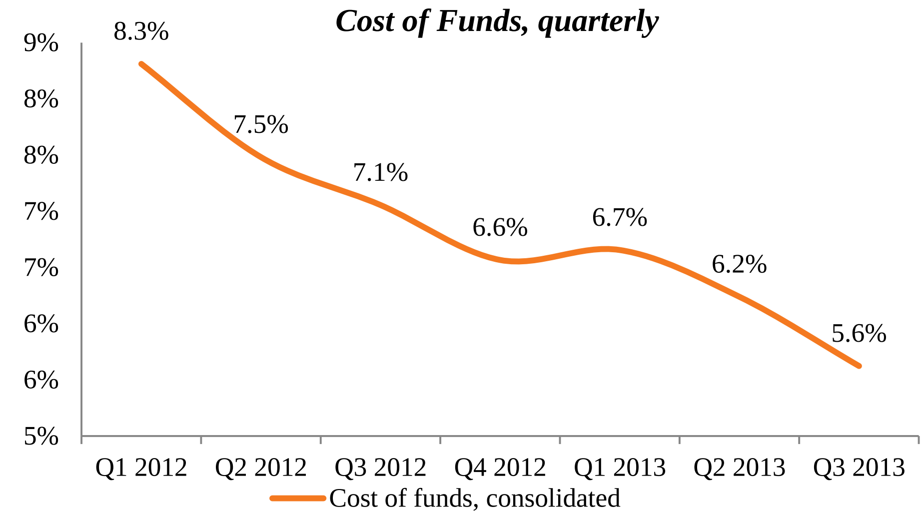
* Consolidated, converted at GEL/US$ exchange rate of 1.6644 as of 30 September 2013
** Total Assets as of 30 September 2013

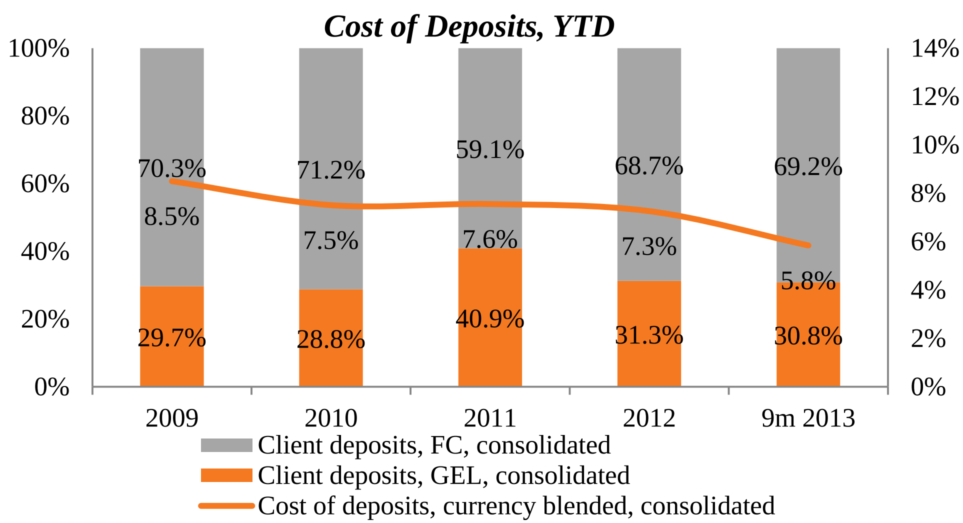
Amounts due to credit institutions

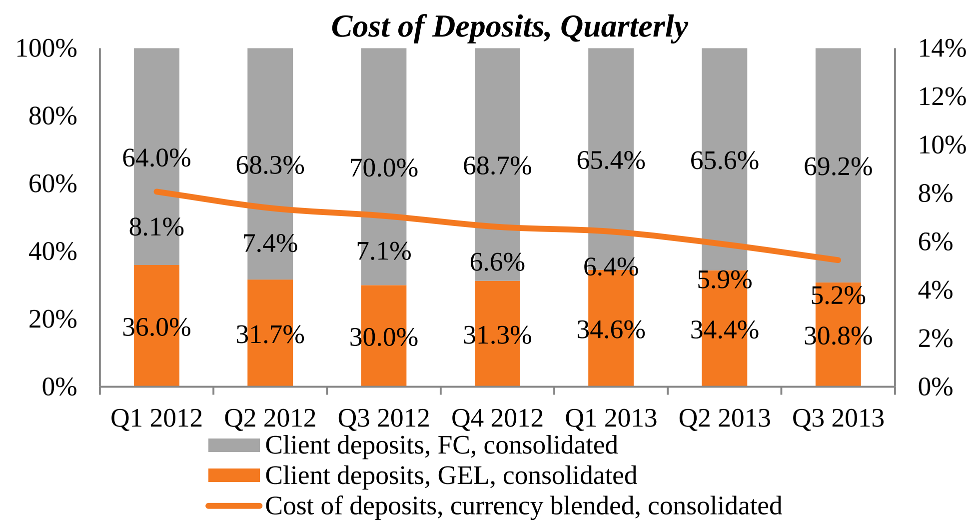
- The Bank has a well-balanced funding structure with 60% of total liabilities coming from customer funds and 12% from Development Financial Institutions (DFIs) as of 30 September 2013;
- The Bank has been able to secure favorable financing from reputable international commercial sources, as well as DFIs, such as EBRD, IFC, DEG, Asian Development Bank, etc.;
- As of 30 September 2013, US$96.8 mln undrawn facilities from DFIs with three to nine year maturities.

Cost of funds and cost of deposits



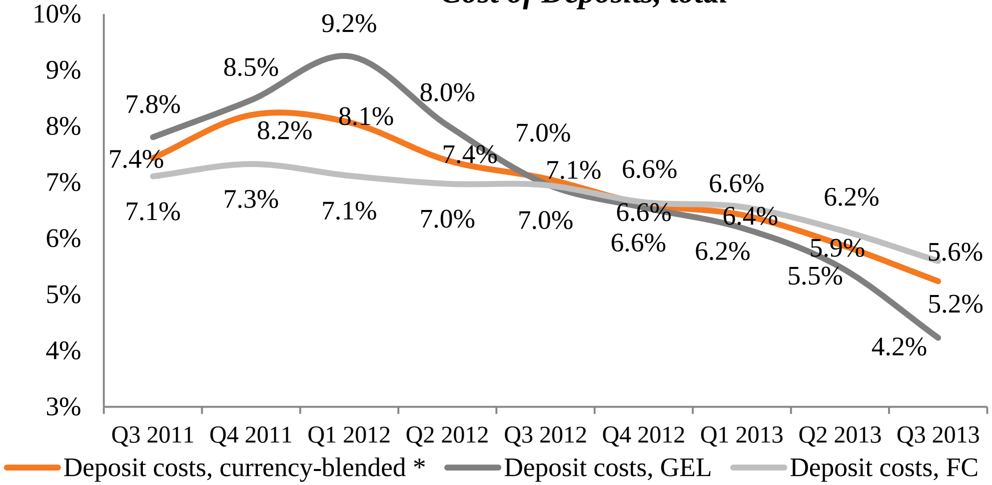




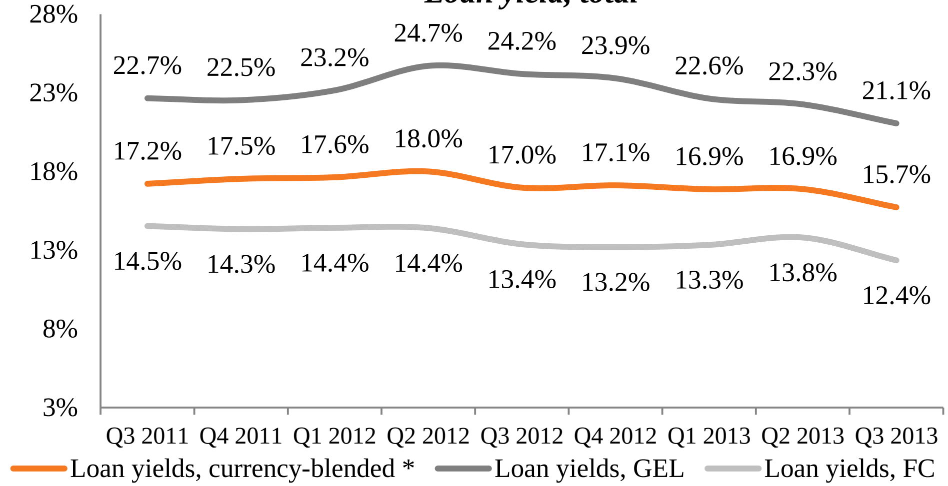


Cost of deposits, Loan Yields and Spreads, total

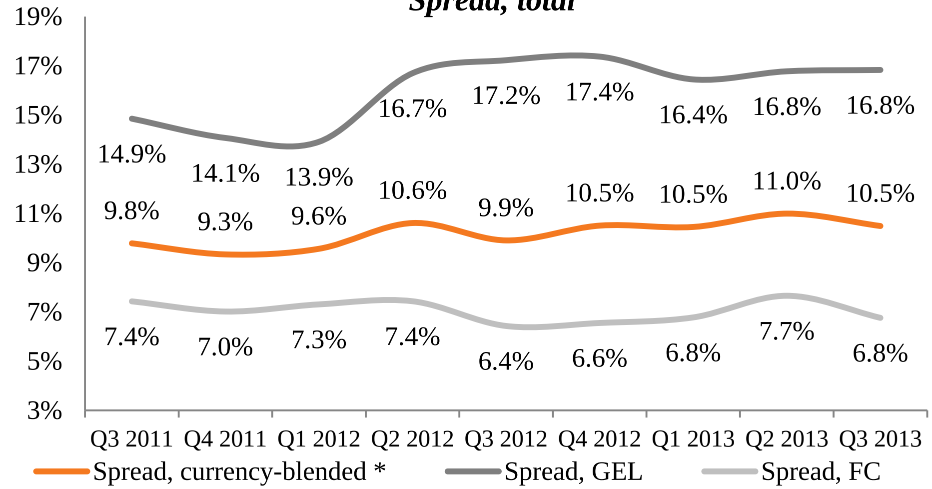
Cost of Deposits, total



Loan yield, total



Spread, total



** Currency-blended ratios are based on Group Consolidated amounts.*

Key highlights

Plain vanilla balance sheet

Diversified asset base

Excellent funding and capital position

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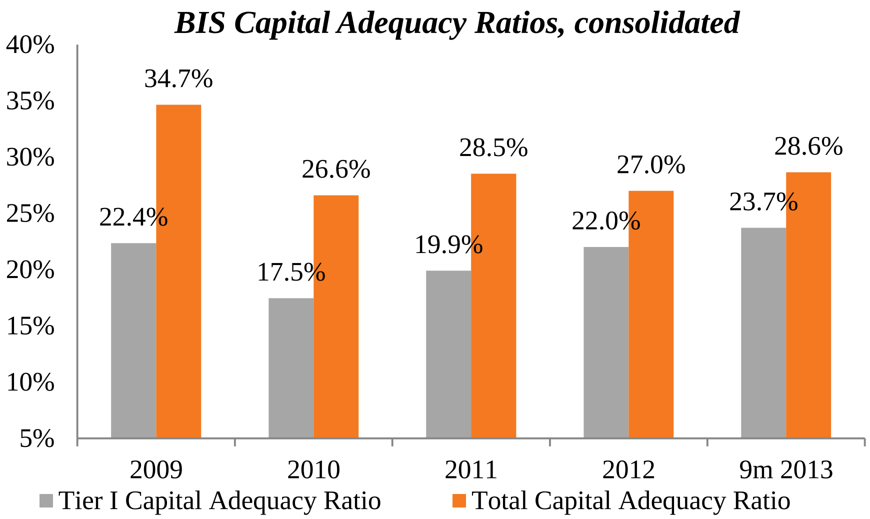
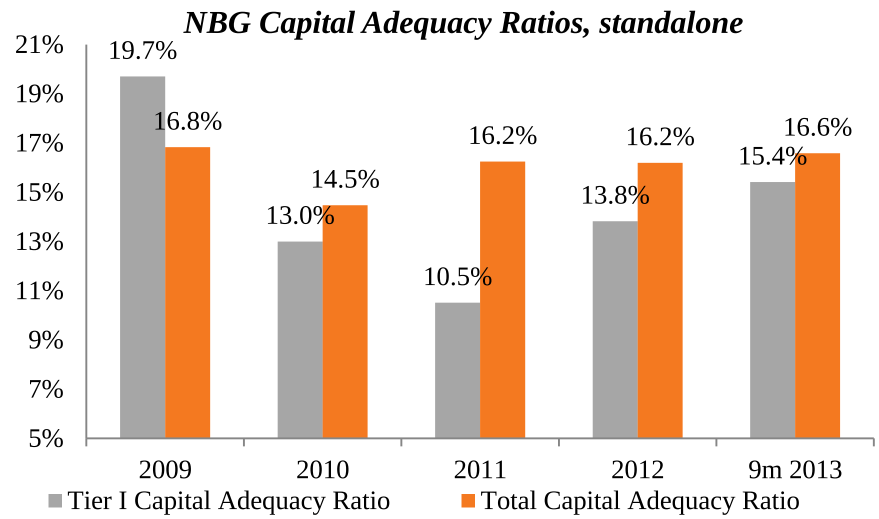
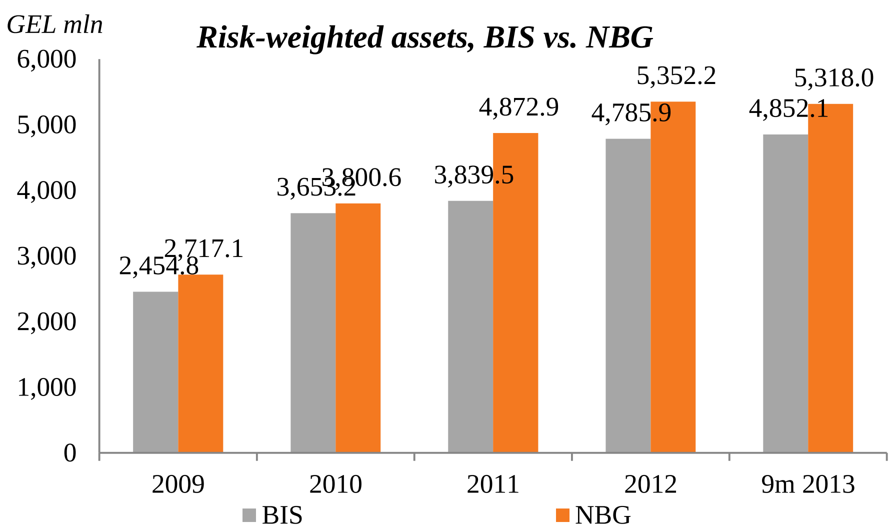
Appendices

Excellent capital adequacy position

- ***Risk weighting of FX*** denominated loans at 175% according to the National Bank of Georgia standards
- NBG requires that ***investments in entities*** of more than 50% to be deducted from Total Capital







NBG Tier I Capital and Total Capital

GEL mln	9m 2010	9m 2011	9m 2012	9m 2013	Change, '13 / '12
Tier 1 Capital (Core)	498.3	515.6	732.5	819.7	11.9%
Tier 2 Capital (Supplementary)	378.4	394.5	391.4	325.4	-16.9%
Less: Deductions	(362.5)	(191.6)	(256.5)	(263.1)	2.6%
Total Capital	**514.2**	**718.5**	**867.4**	**882.0**	**1.7%**
Risk-weighted assets	**3,271.6**	**4,777.9**	**5,449.6**	**5,318.0**	**-2.4%**
Tier 1 Capital Ratio	**15.2%**	**10.8%**	**13.4%**	**15.4%**	**2.0%**
Total Capital Ratio	**15.7%**	**15.0%**	**15.9%**	**16.6%**	**0.7%**

New Capital Regulation by NBG

- **We already run parallel Pillar I Capital Adequacy calculations based on the new draft regulation by NBG and the interim estimated results are already available and can be compared against current (existing) NBG regulation:**

As at 30 September 2013

Regulatory Capital	**NBG New**	**NBG Old**	**DIFFERENCE**
Amounts in GEL '000	**Basel 2**	**Regulation**	
Share capital - nominal, less treasury shares	36,049	36,049	0
Share premium - APIC	560,646	560,646	0
Retained earnings	343,746	266,106	77,640
Less: Investments	(196,587)	0	(196,587)
Less: Intangible assets	(43,064)	(43,064)	0
Tier 1 (Core) Capital	**700,790**	**819,738**	**(118,948)**
General reserve for loan losses (2%)	66,976	66,976	0
Current year profit	0	77,640	(77,640)
Sub-Debt	184,910	180,749	4,161
Less: Investments in subsidiaries	(4,161)	(263,087)	258,926
Tier II Capital	**247,725**	**62,277**	**185,448**
Total Regulatory Capital	**948,515**	**882,015**	**66,500**
Risk-Weighted Assets	**5,499,973**	**5,317,990**	**181,983**
Tier I Ratio, Required Minimal	*8.5%*	*8.0%*	
Total Ratio, Required Minimal	*10.5%*	*12.0%*	
Tier 1 Ratio, Actual	**12.7%**	**15.4%**	
Total Ratio, Actual	**17.2%**	**16.6%**	
Minimal Tier I Capital Required	467,498	425,439	42,058
Minimal Total Capital Required	577,497	638,159	(60,662)
Excess Tier I Capital	**233,292**	**394,299**	**(161,006)**
Excess Total Capital	**371,018**	**243,857**	**127,162**

- **Key differences with the new Basel II/III regulation and NBG's current regulation:**
  - Current year profit per old NBG regulation was a component of Tier 2 capital, while per new regulation, it is included in Tier I core capital;
  - Per old NBG regulation, investments in non-consolidated subsidiaries were deducted from Tier II, while per new regulation they are all deducted from Tier I

New Capital Regulation by NBG, Cont'd

- **Comparisons of key differences between old and new regulations by NBG in RWA are provided below:**

As at 30 September 2013

	NBG New Basel 2		NBG Old Regulation		
Risk-Weighted Assets *Amounts in GEL '000*	**RWA**	**Risk Weights, %**	**RWA**	**Risk Weights, %**	**RWA Difference**
Retail loans, net, credit risk weighted	746,687	75%	1,140,589	0%/100%	(393,902)
Mortgage loans, net, credit risk weighted	161,606	35%	394,315	0%/100%	(232,709)
Operational Risk Adjustment	432,549	100%	0	N/A	432,549

- **In force: Pillar I – since 1 July 2014, Pillar II – since 1 October 2014, Pillar III – since 1 January 2015**
    - Capital formation – Basel III
    - Pillar I (Minimal Capital Requirement) – Basel II, *discretionally adjusted by NBG for additional, premium 75% risk-weighting (on top of the original 100% weighting) for FC denominated credit exposures*
- **Key differences with NBG old regulation:**
    - Per old NBG regulation all loans were credit-risk-weighted at 100%, while per new regulation Mortgages are weighted at 35% and retail exposures at 75%;
    - No operational risk adjustment was made per old NBG regulation;

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BGH Group Consolidated Income Statement, YTD

INCOME STATEMENT	Sep-13	Sep-12	Change	
'000 GEL	YTD	YTD	Amount	%
Interest income	428,290	420,866	7,424	1.8%
Interest expense	197,458	211,749	(14,292)	-6.7%
Net interest income before interest rate swaps	**230,832**	**209,116**	**21,715**	**10.4%**
Net losses from interest rate swaps	(303)	(1,539)	1,235	-80.3%
Net interest income	**230,529**	**207,578**	**22,951**	**11.1%**
Fee and commission income	83,906	81,251	2,656	3.3%
Fee and commission expense	20,111	15,886	4,226	26.6%
Net fee and commission income	**63,795**	**65,365**	**(1,570)**	**-2.4%**
Net insurance premiums earned	95,982	58,220	37,761	64.9%
Net insurance claims incurred	60,861	36,341	24,521	67.5%
Net insurance revenue	**35,120**	**21,880**	**13,241**	**60.5%**
Healthcare revenue	41,745	38,625	3,120	8.1%
Cost of healthcare services	27,730	22,405	5,325	23.8%
Net healthcare revenue	**14,015**	**16,221**	**(2,205)**	**-13.6%**
Other operating non-interest income	**57,554**	**58,924**	**(1,370)**	**-2.3%**
Revenue	**401,014**	**369,967**	**31,046**	**8.4%**
Salaries and other employee benefits	99,438	90,173	9,265	10.3%
Selling and administrative expenses	43,222	51,763	(8,541)	-16.5%
Depreciation expenses	16,948	18,660	(1,712)	-9.2%
Amortization expenses	2,941	2,643	298	11.3%
Other operating expenses	2,020	3,948	(1,928)	-48.8%
Operating expenses	**164,568**	**167,187**	**(2,619)**	**-1.6%**
Operating income before cost of credit risk	**236,446**	**202,781**	**33,665**	**16.6%**
Cost of credit risk	51,802	28,593	23,210	81.2%
Net operating income	**184,643**	**174,188**	**10,455**	**6.0%**
Net non-operating expense	6,871	15,445	(8,574)	-55.5%
Profit before income tax expense	**177,772**	**158,743**	**19,029**	**12.0%**
Income tax expense	24,073	26,066	(1,993)	-7.6%
Profit for the period	**153,699**	**132,677**	**21,022**	**15.8%**

BGH Group Consolidated Income Statement, Quarters

INCOME STATEMENT	Q3 2013	Q3 2012	Change, Y-O-Y		Q2 2013	Change, Q-O-Q	
'000 GEL	**Quarter**	**Quarter**	**Amount**	**%**	**Quarter**	**Amount**	**%**
Interest income	142,447	144,338	(1,890)	-1.3%	144,262	(1,815)	-1.3%
Interest expense	62,294	73,937	(11,642)	-15.7%	66,255	(3,961)	-6.0%
Net interest income before interest rate swaps	**80,153**	**70,401**	**9,752**	**13.9%**	**78,007**	**2,146**	**2.8%**
Net losses from interest rate swaps	(118)	(485)	367	-75.6%	(109)	(10)	8.7%
Net interest income	**80,035**	**69,916**	**10,119**	**14.5%**	**77,898**	**2,137**	**2.7%**
Fee and commission income	29,008	29,773	(765)	-2.6%	28,337	671	2.4%
Fee and commission expense	7,489	5,942	1,547	26.0%	6,557	931	14.2%
Net fee and commission income	**21,519**	**23,831**	**(2,312)**	**-9.7%**	**21,779**	**(260)**	**-1.2%**
Net insurance premiums earned	31,693	25,837	5,855	22.7%	32,545	(852)	-2.6%
Net insurance claims incurred	19,296	15,915	3,382	21.2%	21,546	(2,250)	-10.4%
Net insurance revenue	**12,396**	**9,922**	**2,474**	**24.9%**	**10,998**	**1,398**	**12.7%**
Healthcare revenue	14,256	16,038	(1,782)	-11.1%	14,419	(163)	-1.1%
Cost of healthcare services	9,232	9,014	218	2.4%	9,319	(88)	-0.9%
Net healthcare revenue	**5,024**	**7,025**	**(2,000)**	**-28.5%**	**5,100**	**(76)**	**-1.5%**
Other operating non-interest income	**19,363**	**20,287**	**(924)**	**-4.6%**	**23,924**	**(4,561)**	**-19.1%**
Revenue	**138,338**	**130,981**	**7,356**	**5.6%**	**139,700**	**(1,363)**	**-1.0%**
Salaries and other employee benefits	34,361	32,340	2,021	6.2%	32,575	1,785	5.5%
Selling and administrative expenses	13,458	18,002	(4,543)	-25.2%	15,707	(2,248)	-14.3%
Depreciation expenses	5,524	6,480	(957)	-14.8%	5,737	(213)	-3.7%
Amortization expenses	1,026	904	122	13.5%	1,010	16	1.6%
Other operating expenses	579	390	189	48.6%	712	(134)	-18.8%
Operating expenses	**54,947**	**58,114**	**(3,167)**	**-5.4%**	**55,741**	**(793)**	**-1.4%**
Operating income before cost of credit risk	**83,390**	**72,867**	**10,523**	**14.4%**	**83,960**	**(569)**	**-0.7%**
Cost of credit risk	15,541	14,645	896	6.1%	18,984	(3,443)	-18.1%
Net operating income	**67,850**	**58,222**	**9,628**	**16.5%**	**64,976**	**2,874**	**4.4%**
Net non-operating expense	1,418	3,051	(1,633)	-53.5%	4,088	(2,670)	-65.3%
Profit before income tax expense	**66,431**	**55,171**	**11,260**	**20.4%**	**60,887**	**5,544**	**9.1%**
Income tax expense	7,835	8,528	(693)	-8.1%	7,783	52	0.7%
Profit for the period	**58,597**	**46,643**	**11,954**	**25.6%**	**53,105**	**5,492**	**10.3%**

BGH Group Consolidated Statement of Financial Position

STATEMENT OF FINANCIAL POSITION	Sep-13	Sep-12	Change, Y-O-Y		Jun-13	Change, Q-O-Q	
'000 GEL			Amount	%		Amount	%
Cash and cash equivalents	687,396	666,896	20,500	3.1%	547,404	139,992	25.6%
Amounts due from credit institutions	324,825	487,275	(162,449)	-33.3%	326,537	(1,712)	-0.5%
Investment securities: available-for-sale	567,598	375,853	191,745	51.0%	644,237	(76,640)	-11.9%
Loans to customers, net	3,283,508	3,063,390	220,118	7.2%	3,122,916	160,592	5.1%
Investments in associates	-	3,020	(3,020)	-100.0%	-	-	-
Investment property	163,092	149,904	13,188	8.8%	169,722	(6,630)	-3.9%
Property, plant and equipment, net	455,089	412,487	42,602	10.3%	447,205	7,884	1.8%
Intangible assets, net	24,540	20,667	3,873	18.7%	24,039	501	2.1%
Goodwill	45,657	45,463	194	0.4%	45,657	-	0.0%
Income tax assets	26,542	23,883	2,660	11.1%	15,941	10,601	66.5%
Prepayments	27,986	47,748	(19,762)	-41.4%	30,205	(2,219)	-7.3%
Other assets	348,113	233,933	114,180	48.8%	297,829	50,284	16.9%
Total assets	**5,954,347**	**5,530,517**	**423,829**	**7.7%**	**5,671,694**	**282,653**	**5.0%**
Amounts owed to customers, of which:	2,862,512	2,795,794	66,718	2.4%	2,850,234	12,279	0.4%
Client deposits, of which:	*2,850,000*	*2,688,540*	*161,460*	*6.0%*	*2,838,153*	*11,848*	*0.4%*
CDs	*144,056*	-	*144,056*	-	*114,086*	*29,971*	*26.3%*
Prommissory notes	*12,512*	*107,254*	*(94,742)*	*-88.3%*	*12,081*	*431*	*3.6%*
Amounts owed to credit institutions, of which:	1,636,263	1,454,045	182,218	12.5%	1,475,686	160,578	10.9%
Eurobonds	*420,441*	*380,063*	*40,378*	*10.6%*	*424,854*	*(4,413)*	*-1.0%*
Subordinated debt	*208,414*	*236,518*	*(28,104)*	*-11.9%*	*208,236*	*178*	*0.1%*
Other amounts due to credit institutions	*1,007,408*	*837,464*	*169,944*	*20.3%*	*842,596*	*164,812*	*19.6%*
Income tax liabilities	69,355	61,646	7,709	12.5%	57,411	11,945	20.8%
Other liabilities	215,280	211,084	4,194	2.0%	185,459	29,821	16.1%
Total liabilities	**4,783,411**	**4,522,569**	**260,840**	**5.8%**	**4,568,789**	**214,622**	**4.7%**
Share capital	961	965	(4)	-0.4%	903	58	6.4%
Additional paid-in capital	24,496	-	24,496	-	19,645	4,851	24.7%
Treasury shares	(53)	(68)	15	-22.0%	(50)	(3)	6.4%
Revaluation and other reserves	10,177	15,979	(5,803)	-36.3%	39,208	(29,032)	-74.0%
Retained earnings	930,800	815,797	115,003	14.1%	897,150	33,650	3.8%
Net profit for the period attr. to shareholders of the Group	147,845	129,209	18,636	14.4%	91,735	56,110	61.2%
Total equity attributable to shareholders of the Group	**1,114,226**	**961,883**	**152,344**	**15.8%**	**1,048,592**	**65,634**	**6.3%**
Non-controlling interests	56,710	46,065	10,645	23.1%	54,313	2,397	4.4%
Total equity	**1,170,936**	**1,007,948**	**162,989**	**16.2%**	**1,102,905**	**68,031**	**6.2%**
Total equity and liabilities	**5,954,347**	**5,530,517**	**423,829**	**7.7%**	**5,671,694**	**282,653**	**5.0%**

BGH Group Consolidated Key Ratios

KEY RATIOS	Sep-13	Sep-12	Q3 2013	Q3 2012	Q2 2013
Profitability					
ROAA	3.6%	3.6%	4.0%	3.4%	3.8%
ROAE	18.6%	19.4%	20.6%	19.2%	19.3%
Net Interest Margin	7.7%	7.8%	7.7%	7.3%	7.9%
Loan Yield	16.4%	17.6%	15.7%	17.0%	16.9%
Cost of Funds	6.2%	7.5%	5.6%	7.1%	6.2%
Cost of Client Deposits	5.8%	7.5%	5.2%	7.1%	5.9%
Cost of Amounts Due to Credit Institutions	6.7%	7.6%	6.4%	6.7%	6.9%
Operating Leverage, Y-O-Y	10.0%	9.3%	11.1%	14.8%	13.3%
Efficiency					
Cost / Income	41.0%	45.2%	39.7%	44.4%	39.9%
Liquidity					
NBG Liquidity Ratio	37.5%	42.0%	37.5%	42.0%	44.8%
Liquid Assets To Total Liabilities	33.1%	33.8%	33.1%	33.8%	33.3%
Net Loans To Customer Funds	114.7%	109.6%	114.7%	109.6%	109.6%
Net Loans To Customer Funds + DFIs	96.1%	90.8%	96.1%	90.8%	90.0%
Leverage (Times)	4.1	4.5	4.1	4.5	4.1
Asset Quality:					
NPLs (in '000 GEL)	143,663	102,719	143,663	102,719	131,960
NPLs To Gross Loans To Clients	4.2%	3.2%	4.2%	3.2%	4.1%
NPL Coverage Ratio	86.2%	105.2%	86.2%	105.2%	89.1%
Cost of Risk	1.5%	1.2%	1.6%	1.6%	1.5%
Capital Adequacy:					
BIS Tier I Capital Adequacy Ratio, Consolidated	23.7%	20.3%	23.7%	20.3%	22.9%
BIS Total Capital Adequacy Ratio, Consolidated	28.6%	25.8%	28.6%	25.8%	27.8%
NBG Tier I Capital Adequacy Ratio	15.4%	13.4%	15.4%	13.4%	15.4%
NBG Total Capital Adequacy Ratio	16.6%	15.9%	16.6%	15.9%	16.3%
Per Share Values:					
Basic EPS (GEL)	4.35	3.94	1.65	1.35	1.51
Book Value Per Share (GEL), Basic	32.83	28.81	32.83	28.81	30.90

Q&A

Forward Looking Statements

This presentation contains forward-looking statements that are based on current beliefs or expectations, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning. Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and JSC Bank of Georgia and/or the Bank of Georgia Holdings' plans and objectives, to differ materially from those expressed or implied in the forward-looking statements.

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